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EX PARTE OR LATE FILED

January 9, 1998

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Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
1919 M Street, NW Room 222
Washington, DC 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: EX PARTE - (CC Docket No. 97-250) - Tariffs Implementing
Access Charge Reform

Dear Ms. Salas:

Yesterday, January 8, 1998, I met with Judy Nitsche, Chief Tariff Pricing and Analysis Branch of the Competitive Pricing Division, to discuss the investigation of the Local Exchange Carrier Access Reform Tariffs initiated by Order December 30, 1997, per DA 97-2724. The attachment formed the basis for my discussion.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(1) of the Commission's rules.

Sincerely,

Brian W. Masterson

cc: Ms. J. Nitsche

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Major Issues for Investigation of LECs' Access Reform Tariffs

1. Calculation of the amounts of switching costs that are associated with line ports and trunk ports - All Price Cap LECs.

- Is it appropriate to use proprietary Models (SCIS & SCM) for this calculation when SCIS and SCM can only calculate forward looking costs and current rates are based on embedded costs?
- Are LECs' underlying assumptions for the input variables for these Models correct? Should the Commission establish "ground rules" for the use of these Models?
- Is it appropriate to apply the % of line and trunk port costs, that the LECs have determined as of their total switching costs, to local switching revenue requirements instead of current local switching revenues to determine exogenous costs?
- Have the LECs supplied sufficient cost support to justify their line and trunk port exogenous costs? Is the wide variation among LECs' results reasonable?

2. Price Cap LECs' current CCL rates - US West, Southwestern Bell, Bell Atlantic/NYNEX, GTE and Sprint.

- By how much are these LECs' 7-1-97 (and current) CCL rates and Total Allowable Common Line Revenues inflated due to their past underforecasting of BFP revenue requirements?
- How much refund do these LECs owe to their IXC customers due to past CCL over charges?

3. Price Cap LECs' calculation of residual and facilities-based portions of TIC - all Price Cap LECs.

- Have Price Cap LECs properly calculated the removal of one-third tandem revenue requirement from TIC?
- Have the LECs provided sufficient cost support to justify their tandem Switched Transport and Common Transport Multiplexing revenue requirements and exogenous costs?
- Have the LECs properly estimated the impacts on TIC due to the use of actual volumes instead of 9000 MOUs in the development of Common Transport rates? Should the LECs be allowed to increase their TIC amounts due to the use of actual volumes in the development of Common Transport rates?
- Have the LECs properly developed the revenue requirement and exogenous cost adjustments for (a) DS1-DS3 Common Transport Multiplexers, and (b) the recovery of Multiplexers used between the Tandem Switch and the Serving Wire Center?
- Have the LECs properly recalculated their residual and facility based TIC amounts that they had estimated in their 7-1-97 Annual Filings?
- Have the LECs properly removed the Marketing and COE maintenance costs from their residual TIC?

4. Price Cap LECs' EUCL and PICC demand - all Price Cap LECs.

- Have the LECs reasonably counted and reported their N-PRES EUCL demand?
- Have the LECs properly reduced 7/1/97 Existing MLB EUCL counts by 7M and increased NPRES EUCL counts by 6M? Was it appropriate for LECs to reduce the total EUCL counts they reported in their 7-1-97 Annual Filings by 382K lines? Specifically *Citizens, NYNEX, and SWBT*.
- Was it appropriate for LECs to exclude up to 23M "Official Company", "Concession", and Lifelines from EUCL counts and included in PICC line count? Specifically *Bell Atlantic/NYNEX, Bell South, SWBT, SNET, GTE, CONTEL, Cincinnati Bell and Pacific Bell*. Is the cost for these "Official" and "Concession" loop costs included in BFP revenue requirement as well?
- Have some LECs properly claimed that ISDN-BRI EUCLs were previously included in MLB EUCLs? Specifically *Ameritech, Bell Atlantic/NYNEX, Bell South, Cincinnati Bell, SWBT, SNET, Frontier, and US West*.
- Have some LECs properly increased Lifeline EUCL count by 210K lines from what they reported in 7/1/97 Annual Filings? Specifically *Bell Atlantic/NYNEX*.
- Have the LECs appropriately reported their PICC demand?

5. Price Cap LECs' ISDN Line Port rates - all Price Cap LECs.

- Have the LECs properly developed their ISDN Line port rates?
- Have the LECs supplied sufficient cost support to justify their Line port and trunk port exogenous costs? Is the wide variation among LECs' rates reasonable?

6. Recalculation of Density Zone rates to include Transport costs removed from TIC - US West and Bell Atlantic/NYNEX.

- Have these LECs' properly complied with the Access Reform Order, para 227, requiring these LECs to re-assign transport costs from TIC to Density Zones "in a manner that reflects the way density zones are being implemented" by these LECs?
- Is it appropriate for these LECs to re-assign Transport costs from TIC to only Zone 2 and 3?

7. Price Cap LECs' calculation of Trunking Basket end-user revenues for USF distribution - all Price Cap LECs.
